



NCUA Press Release

Participants in Matz's PALS Workshop Share Ideas to Serve Everyone in their Field of Membership

February 10, 2005, Orlando, Fla. – At the ninth free workshop in NCUA Board Member Debbie Matz's Partnering and Leadership Successes (PALS) initiative, credit union participants shared innovative ideas to "Serve Everyone in Your Field of Membership."

"This PALS workshop inspired credit union leaders to overcome their greatest challenge," Matz related. "From a tiny faith-based credit union with less than \$1 million in assets, to huge SEG-based credit unions with more than \$1 billion, dynamic speakers demonstrated how *all* credit unions can grow by turning potential members into *real* members. "

- The first panel focused on "Reaching New Members Outside the Workplace":

City County CU in Margate, Fla., introduced a unique used car dealership owned by credit unions. "Credit unions have spent years fighting dealers for control over members' car loans," noted COO Lloyd Gill. "Now *we* control the car-buying experience from start to finish. Our 'Auto Branch' employees are not *car* people; they're *credit union* people working for our CUSO. We price our cars below NADA and traditional dealers. Our cars are inspected, serviced, and certified with clean titles. This fits our philosophy of providing value to members, and it's a good source of new members."

At the \$0.8-million NRS Community Development FCU in Birmingham, Ala., members are attracted by personal service. "In our community, most people live paycheck to paycheck," observed CEO Eunice Rogers. "They have not been taught how to manage their credit. Many buy cars at 25-30% with sizeable down payments, because they think they have no other choice. So when I see a member driving a car that we have not financed, I ask what they paid and we refinance it at a lower rate."

"Regardless of your asset size, you can't do it all by yourself," advised Michael Hale, CEO of Andrews FCU in Suitland, Md. Even with \$750 million in assets, Hale revealed, "we can't do it all ourselves. We developed a relationship with Balance Financial Services to augment our financial literacy training. Whether it's basic checking, on-line bill-paying, or any service you want to provide, you've got to leverage your relationships to serve members better."

Andrews FCU is reaching out to serve the most underserved sections of Washington, D.C. “The key is not to assume what each community needs,” Hale emphasized. “We set up an advisory council for each branch we open. Our people doing the work are from that community. As we teach them about our credit union, they teach us what their community needs.”

- The second panel focused on “Targeting Every Demographic in Your Field of Membership”:

Angel Ramirez, CEO of Community Trust FCU in Apopka, Fla., suggested that to meet new members’ needs, credit unions must adjust their product lines as quickly as supermarkets. “As more immigrants moved to our community, supermarkets began to open aisles for all ethnicities. As financial institutions, we should do the same. We should have services for all ethnicities.”

For example, Community Trust offers a special service for Latinos who need to drive across the U.S. border, because immigrants who don’t have a credit card would be charged prohibitive fees. “With a credit card you only pay \$11 to cross the border,” noted Ramirez, who is a Mexican immigrant. “For Hispanic people with no credit history, it’s difficult to get a credit card. Giving our members a Visa card is one of the best services we can provide. If we don’t take a risk, we are in the wrong job. We are doing the right thing, and we are growing. We grew more than \$2 million (to \$6 million) last year.”

Gwinnett FCU in Lawrenceville, Ga., is growing by serving a large settlement of refugees from the war in Bosnia. At first, CEO Marshall Boutwell noticed that Bosnians would take out a signature loan at 18% and use it to buy a car. “So we decided to change our policies. The next time we had a Bosnian couple asking for a signature loan to buy a car, I said we couldn’t make them that loan at 18%. I said we could make them a car loan at 8%. The next day we had another Bosnian couple come in; and the next day, several more. Since then we’ve hired seven Bosnian employees. Bosnians now make up fully 10% of our membership and 15% of our growth.”

Shreveport FCU in Shreveport, La., has designed clubs for several key demographic groups. Each club offers special services and activities. For example, a Teen Club offers a special “Teen Investment CD” with a parental guarantee, a credit card with a \$200 limit, and a trip to Dallas with CEO Helen Godfrey. Before heading to Six Flags over Texas, the teens visit the Federal Reserve Bank of Dallas to learn more about the nation’s financial system. A 10th-grade student helps the CU market to teens by “speaking their language.”

Bruce Brumfield, CEO of the \$1-billion Founders FCU in Lancaster, S.C., suggested that each credit union should “search for multiple niches. We have the same philosophy as the Hard Rock Café: ‘We love all, and we serve all.’ When we changed to risk-based pricing, it allowed us to serve more members.” Founders now makes 45% of its loans to C, D, & E borrowers. And Founders recently opened the first fully bilingual branch in its market to reach out to the Spanish-speaking community.

- The PALS luncheon speaker inspired credit unions to “Build Win-Win Partnerships with Community Organizations”:

“With community groups, banks act like the heavyweight champion,” observed McCoy FCU CEO Alvin Cowans. “Banks have the big punch – higher promotional budgets. They want to knock us out by throwing in money. But you don’t have to have the knockout punch to compete in the banks’ arena.

You can build win-win partnerships with community groups who need *people* more than money. But *all* of your people have to be involved in the community: you, your board, and your staff.”

McCoy representatives work with 45 community groups in Orlando. “We’ve opened thousands of accounts because of our outreach. But the most important thing we gain is the reward of living up to our mission. Being a community credit union means more than just having the field of membership. It means committing your entire organization to being involved in your community.”

- The third panel focused on “Expanding into New Markets”:

School Workers FCU in Charlotte, N.C., has expanded by taking in seven credit unions via emergency mergers. In each new market, focus groups of members and potential members offered strong advice – such as: “Make sure your fee structure is not turning people off. Offer free checking with no minimum. Add an ATM to attract young members. Increase your staff and hours of operation.” CEO Sandra Scales offers her own advice to CU colleagues: “Know that it is a labor of love, and you will succeed.” Over the past three years, membership has grown 35%.

Dow Louisiana FCU in Plaquemine, La., canvassed its new underserved area through personal visits to employers and community groups “at all hours of the day and night,” according to CEO Jeff Hendrickson. “Since shift workers and firefighters don’t work 9-5, we expanded our branch hours to 7:30-7:30 on weekdays, plus 9-5 on Saturday. We held ‘Credit Builder’ seminars in local churches, hotels, and community centers. And we developed a program that rewards borrowers who improve their credit score by reducing their interest rate one year into the loan.” The results: Membership grew 30% in 2003, 16% in 2004. Loans grew 40.5% in 2003, 15.2% in 2004.

Hope Community CU in Jackson, Miss., has been able to “make loans where banks haven’t,” affirmed CEO Bill Bynum. As the only CU in the U.S. benefiting from a New Markets Tax Credit, Hope Community is “giving low-income people, women and minorities the opportunity to own their own businesses.” Bynum projects a \$15 million tax credit through Enterprise Corp. of the Delta will be leveraged into “\$150 million in deposits that we can pour into low-income communities.” Already the CU has grown from \$200,000 in 2001 to \$22 million today.

“If you’re not growing, you’re either stagnant or dying,” concluded Rich Helber, EVP of the \$1.9-billion GTE FCU in Tampa, Fla. “Our top goal is membership growth. Every employee has incentives to increase membership any way they can. This should be the bottom line for all credit unions.”

To view presentations from the PALS workshop on “How to Serve Everyone in Your FOM,” visit www.ncua.gov, click PALS, then click Workshop Presentations.

The next PALS workshop will take place on April 28 in St. Louis, Mo. To register, go to www.ncua.gov, and click PALS Registration: April 28.

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Matz was named as a recess appointee to the NCUA Board in January 2002 and nominated to a seat on the Board on February 27, 2002. The U.S. Senate confirmed her on March 22, 2002. As part of the NCUA Board,

Matz oversees the regulation of federal credit unions and the administration of the federal insurance fund covering approximately 9,300 credit unions in the U.S.

A public service veteran of 25 years, Matz is a member of three credit unions and resides in McLean, Va. with her husband and two children. Before her appointment to the NCUA Board, Matz was appointed by President Clinton as Deputy Assistant Secretary for Administration in the Department of Agriculture.